

**Summary of Consolidated Financial Results
for the Nine Months Ended May 31, 2022
(Japanese GAAP)**

July 8, 2022

Company name: MEIKO NETWORK JAPAN CO., LTD.
 Listing: Tokyo
 Securities code: 4668 (URL: <https://www.meikonet.co.jp>)
 Representative: Kazuhito Yamashita, President & Representative Director
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 Scheduled date to file quarterly securities report: July 11, 2022
 Scheduled date to commencement dividend payment: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the Nine months ended May 31, 2022 (from September 1, 2021 to May 31, 2022)

(1) Consolidated operating results (cumulative)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
May 31, 2022	13,884	2.8	647	140.0	721	94.8	753	12.1
May 31, 2021	13,505	1.0	269	620.2	370	103.6	672	—

(Note) Comprehensive income: Nine months ended May 31, 2022: ¥888 million [32.6 %]
 Nine months ended May 31, 2021: ¥670 million [114.2 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
May 31, 2022	30.04	—
May 31, 2021	26.81	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
May 31, 2022	14,591	10,369	71.1
August 31, 2021	14,649	10,025	68.4

(Reference) Equity: As of May 31, 2022: ¥10,369 million
 As of August 31, 2021: ¥10,025 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2021	—	10.00	—	10.00	20.00
Fiscal year ending August 31, 2022	—	11.00	—		
Fiscal year ending August 31, 2022 (Forecast)			—	11.00	22.00

(Note) Revision of dividend forecast in the current quarter: None

3. Consolidated Financial Results Forecast for Fiscal Year Ending August 31, 2022 (from September 1, 2021 to August 31, 2022)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full-year	19,800	4.0	1,040	7.3	1,114	0.0	1,025	(10.1)	40.86

(Note) Revision to the financial results forecast announced most recently: None

***Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies caused by revision of accounting standards: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2022	27,803,600 shares
As of August 31, 2021	27,803,600 shares

(ii) Number of treasury shares at the end of the period

As of May 31, 2022	2,720,058 shares
As of August 31, 2021	2,720,058 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended May 31, 2022	25,083,542 shares
Nine months ended May 31, 2021	25,084,546 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in the document, such as earnings forecasts, are based on the information currently available and certain assumptions that the company thinks reasonable. Actual results may differ remarkably from the statements due to variety of different factors.

(Reference) Trend of numbers of Meiko Gijuku schools and registered students and system-wide sales

Term	Nine months ended May 31, 2021		Nine months ended May 31, 2022	
	From Sep. 1, 2020 to May 31, 2021		From Sep. 1, 2021 to May 31, 2022	
	Operating results	YOY comparison	Operating results	YOY comparison
Number of Meiko Gijuku directly operated schools (MNJ)	206	(37)	217	11
Number of Meiko Gijuku directly operated schools (MAXIS)	93	(1)	95	2
Number of Meiko Gijuku directly operated schools (KLINE)	41	(1)	41	-
Number of Meiko Gijuku directly operated schools (TOMONI)*1	42	-	42	-
Number of Meiko Gijuku directly operated schools (One link)	20	20	21	1
Number of Meiko Gijuku directly operated schools (Cooth) *2	-	-	15	15
Subtotal number of Meiko Gijuku directly operated schools	402	(19)	431	29
Number of Meiko Gijuku franchised schools	1,370	(80)	1,336	(34)
Total number of Meiko Gijuku schools	1,772	(99)	1,767	(5)
Number of registered students of Meiko Gijuku directly operated schools (MNJ)	13,109	588	13,765	656
Number of registered students of Meiko Gijuku directly operated schools (MAXIS)	6,060	654	5,797	(263)
Number of registered students of Meiko Gijuku directly operated schools (KLINE)	2,561	344	2,591	30
Number of registered students of Meiko Gijuku directly operated schools (TOMONI)*1	1,900	189	1,955	55
Number of registered students of Meiko Gijuku directly operated schools (One link)	759	759	811	52
Number of registered students of Meiko Gijuku directly operated schools (Cooth) *2	-	-	955	955
Subtotal number of registered students of Meiko Gijuku directly operated schools	24,389	2,534	25,874	1,485
Number of registered students of Meiko Gijuku franchised Schools	64,744	409	60,655	(4,089)
Total number of registered students of Meiko Gijuku schools	89,133	2,943	86,529	(2,604)
Sales from Meiko Gijuku directly operated schools (Millions of yen)	8,041	829	8,486	445
Sales from Meiko Gijuku franchised schools *3 (Millions of yen)	3,162	(101)	3,230	67
Sales from Japanese language schools (Millions of yen)	665	(304)	552	(113)
Sales from others (Millions of yen)	1,635	(282)	1,615	(20)
Total Sales (Millions of yen)	13,505	139	13,884	378
Sales from Meiko Gijuku directly operated schools (Millions of yen)	8,041	829	8,486	445
System-wide sales from Meiko Gijuku franchised schools (Millions of yen)	18,509	(893)	17,373	(1,135)
Total system-wide sales from Meiko Gijuku schools *4 (Millions of yen)	26,550	(63)	25,860	(690)

- * 1 K.M.G Corporation Co., Ltd has changed its name to TOMONI Co., Ltd. as of September 1, 2021.
2 Cooth CO., LTD. was included in the scope of consolidation on December 1, 2021 due to the acquisition of shares.
3 Sales from Meiko Gijuku franchised schools represent royalty revenues and sales of products.
4 Total system-wide sales from Meiko Gijuku schools represent the sum of total sales of Meiko Gijuku directly operated schools, including tuition, materials fees, and examination fees, and the total sales of Meiko Gijuku franchised schools, including tuition. Materials fees and examination fees of franchised schools are excluded.

Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated statement of Balance Sheets

(Millions of yen)

	As of August 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	8,727	8,339
Accounts receivable - trade	767	—
Accounts receivable - trade, and contract assets	—	618
Securities	200	—
Merchandise	114	95
Work in process	13	3
Supplies	7	17
Advance payments to suppliers	19	9
Prepaid expenses	303	297
Other	322	231
Allowance for doubtful accounts	(33)	(31)
Total current assets	10,441	9,580
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,145	1,341
Accumulated depreciation	(676)	(770)
Buildings and structures, net	469	570
Tools, furniture and fixtures	375	390
Accumulated depreciation	(322)	(337)
Tools, furniture and fixtures, net	52	53
Land	0	49
Leased assets	10	35
Accumulated depreciation	(1)	(22)
Leased assets, net	8	12
Total property, plant and equipment	531	685
Intangible assets		
Goodwill	203	455
Software	190	188
Software in progress	4	3
Telephone subscription right	4	4
Total intangible assets	402	651
Investments and other assets		
Investment securities	2,022	2,362
Long-term prepaid expenses	42	39
Deferred tax assets	226	180
Leasehold and guarantee deposits	942	944
Long-term time deposits	—	100
Other	40	45
Total investments and other assets	3,274	3,672
Total non-current assets	4,207	5,010
Total assets	14,649	14,591

	(Millions of yen)	
	As of August 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	119	117
Accounts payable - other	102	140
Accrued expenses	1,139	835
Income taxes payable	427	299
Accrued consumption taxes	331	145
Advances received	1,242	—
Contract liabilities	—	1,157
Lease obligations	1	1
Deposits received	54	122
Provision for bonuses	404	523
Other	51	58
Total current liabilities	3,876	3,401
Non-current liabilities		
Long-term borrowings	—	56
Retirement benefit liability	111	121
Provision for share awards for directors (and other officers)	11	21
Provision for share awards	34	34
Long-term accounts payable-other to employees	104	84
Long-term accounts payable-other to officers	117	117
Deferred tax liabilities	18	10
Lease obligations	7	11
Asset retirement obligations	339	360
Long-term guarantee deposits	1	1
Total non-current liabilities	747	820
Total liabilities	4,624	4,221
Net assets		
Shareholders' equity		
Share capital	972	972
Capital surplus	909	909
Retained earnings	10,529	10,738
Treasury shares	(2,779)	(2,779)
Total shareholders' equity	9,632	9,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377	509
Foreign currency translation adjustment	15	17
Total accumulated other comprehensive income	392	527
Total net assets	10,025	10,369
Total liabilities and net assets	14,649	14,591

(2) Quarterly Consolidated statements of profit or loss and comprehensive income
Quarterly Consolidated statements of profit or loss

	(Millions of yen)	
	For the Nine months ended May 31, 2021 (from Sep. 1, 2020 to May 31, 2021)	For the Nine months ended May 31, 2022 (from Sep. 1, 2021 to May 31, 2022)
Net sales	13,505	13,884
Cost of sales	10,262	10,631
Gross profit	3,242	3,252
Selling, general and administrative expenses	2,972	2,605
Operating profit	269	647
Non-operating income		
Interest income	9	7
Dividend income	7	10
Share of profit of entities accounted for using equity method	—	18
Rental income	14	10
Reversal of allowance for doubtful accounts	16	3
Subsidy income	51	9
Other	14	22
Total non-operating income	113	82
Non-operating expenses		
Interest expenses	1	0
Share of loss of entities accounted for using equity method	4	—
Commission expenses	—	6
Rental expenses	3	1
Other	4	1
Total non-operating expenses	13	9
Ordinary profit	370	721
Extraordinary income		
Gain on sale of property, plant and equipment	531	—
Gain on sale of investment securities	164	—
Gain on sale of shares of subsidiaries and associates	—	623
Total extraordinary income	696	623
Extraordinary losses		
Loss on retirement of property, plant and equipment	9	0
Loss on withdrawal from business	28	—
Extra retirement payments	—	24
Other	—	3
Total extraordinary losses	38	28
Profit before income taxes	1,028	1,315
Income taxes - current	455	567
Income taxes - deferred	(99)	(4)
Total income taxes	355	562
Profit	672	753
Profit attributable to owners of parent	672	753

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	For the Nine months ended May 31, 2021 (from Sep. 1, 2020 to May 31, 2021)	For the Nine months ended May 31, 2022 (from Sep. 1, 2021 to May 31, 2022)
Profit	672	753
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	132
Share of other comprehensive income of entities accounted for using equity method	3	2
Total other comprehensive income	(2)	135
Comprehensive income	670	888
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	670	888

Segment Information

I Nine months ended May 31, 2021 (September 1, 2020 to May 31, 2021)

1. Information related to net sales, profit or loss for each reportable segment.

(Millions of yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Japanese language schools	Total		
Net sales						
external sales	8,041	3,162	665	11,869	1,635	13,505
Inter-segment sales and transfers	—	608	3	612	32	644
Total	8,041	3,771	668	12,481	1,668	14,149
Segment profit (loss)	597	855	(125)	1,327	(179)	1,147

(Note)* “Others” consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Waseda Academy Kobetsu Schools, MEIKO Kids e business, Jiritsugausyu RED and other businesses of consolidated subsidiaries Koto & Company and Tokyo Ishin Gakuin.

2. Difference between the Total of the Reportable Segments’ Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to Adjustment of Difference)

(Millions of yen)

Profit (Loss)	Amount
Reportable segment total	1,327
Profit (Loss) for “Others” category	(179)
Corporate expenses*	(868)
Other Adjustment Amounts	(9)
Operating profit reported on quarterly statements of income	269

(Note)* Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

3. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

No applicable items.

II Nine months ended May 31, 2022 (September 1, 2021 to May 31, 2022)

1. Information about Segment Sales and Income (Loss)

(Millions of yen)

	Reportable segment				Others*	Total
	Meiko Gijuku directly operated schools	Meiko Gijuku franchised schools	Japanese language schools	Total		
Net sales						
Goods or services that are transferred at a point in time	550	1,226	—	1,776	941	2,718
Goods or services that are transferred over a fixed period of time	7,936	2,004	552	10,492	673	11,166
Revenue from a contract with a customer	8,486	3,230	552	12,268	1,615	13,884
Other income	—	—	—	—	—	—
Sales to external customers	8,486	3,230	552	12,268	1,615	13,884
Intersegment sales and transfers	—	655	—	655	4	659
Total	8,486	3,885	552	12,924	1,619	14,543
Segment profit (loss)	606	1,233	(172)	1,667	(132)	1,534

(Note)* “Others” consists of the operating segments not included in reportable segments. It includes Kids Business (Afterschool), Waseda Academy Kobetsu Schools, Meiko Kids e Business, Jiritsugakusyu RED, HR solution Business and other businesses of consolidated subsidiaries Koto & Company.

2. Difference between the Total of the Reportable Segments’ Measures of Profit or Loss and Income according to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters related to Adjustment of Difference)

(Millions of Yen)

Profit (Loss)	Amount
Reportable segment total	1,667
Profit (loss) for “Others” category	(132)
Corporate expenses*	(887)
Operating profit reported on quarterly statements of income	647

(Note)* Corporate expenses are mainly expenses that relate to the General Affairs section of the parent company that are not attributable to the reportable segment.

3. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment. (Significant changes in the amount of goodwill)

Effective from the third quarter of the current fiscal year, the Company acquired all of the outstanding shares of Simple Co. Ltd. was included in the scope of consolidation.

As a result, goodwill increased by 287 million yen in the "Other" segment.

4. Matters related to changes in reportable segments

As described in "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year. The method of calculating profit or loss for business segments has been changed as well.

As a result of this change, net sales and segment income of the Meiko Gijuku franchised school business for the third quarter of the fiscal year under review were 5 million yen higher than they would have been under the previous method. Net sales and segment income of "Other" increased by 12 million yen each.